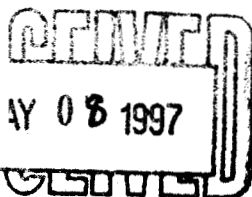




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**ECC**

ELECTRIC COMPETITION COALITION, INC.

For the Pursuit of Open Markets and Consumer Choice

7000 North 16th Street ■ Suite 120-307 ■ Phoenix, Arizona 85020 ■ (602) 395-1612 ■ Fax: (602) 395-1943

Arizona Corporation Commission

**DOCKETED**Members:

The Ascendix Group  
 Calpine Corp.  
 Enron Corp.  
 Nordic Electric Arizona, L.L.C.  
 PG&E Energy Services

**MAY 12 1997**

DOCKETED BY

May 6, 1997

DOCUMENT CONTROL

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AZ CORP COMMISSION

Chairman Carl Kunasek  
 Arizona Corporation Commission

Commissioner Jim Irvin  
 Arizona Corporation Commission

Commissioner Renz Jennings  
 Arizona Corporation Commission

*Re: Retail Electric Competition in Arizona*

Dear Chairman &amp; Commissioners:

On behalf of the Electric Competition Coalition, we wish to assure you that we are actively participating in your working group process. As you may know, ECC is comprised of new market entrants who eagerly seek to serve all classes of customers in Arizona. We are referred to as "electric service providers" in your Rules. The purpose of our letter is to respond to the Chairman and Commissioner Irvin's memorandum of April 4 and to suggest recommendations for expediting this process.

ECC and its members are providing to the working groups what we believe to be constructive ideas. ECC and its members also have informally discussed solutions with Commission staff, consumer groups, the affected utilities, and other interest groups. We believe a prompt approach towards retail access, with the least amount of contention, will be beneficial for all. We are making the following suggestions to help expedite and smooth out this transition.

- **Voluntary Customer Sign Up with Service Commencing on January 1, 1999.**

We urge the Commission to retain the January 1, 1999 implementation date. As that day approaches and there is greater publicity about the competitive electric markets, more and more consumers will likely explore market rates and the opportunities of electric choice. As a consequence, we suggest that the Commission allow consumers to voluntarily sign-up for an open access rate now, with service effective January 1, 1999.

During the next 19 months, the Commission, the affected utilities, ECC and the consumer groups will continue to educate the public on this transition to open competition. Some consumers will be more cautious about change and others may wish to sit back and take a wait-and-see attitude. Many have and many more will explore how they may participate in open access.

Any selection process will create a perception of "winners" and "losers" among communities, businesses and other consumers. Instead of waiting for another two years in which additional consumers might sign up, consumers should be able to voluntarily move into the open market on a quarterly basis after January 1, 1999. With this quarterly sign up, an orderly transition will occur without giving some customers a 2-year competitive advantage. During each 90-day period the utilities will have time in which to complete the paperwork. The notion of "winners" or "losers" by a geographical or other selection process will be avoided.

- **Numbers Are Needed to Resolve Stranded Costs**

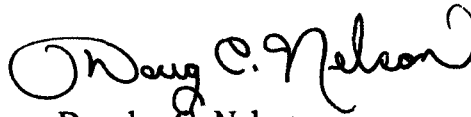
On stranded costs, we need the numbers. The magnitude and source of strandable investments and regulatory assets need to be known before significant movement might be made by the participants. Discussion of general principles and concepts are of limited value until the working group has some idea as to how much is claimed to be recovered and who might pay. Stakeholders in these stranded cost meetings are unlikely to reach consensus on the core issues of stranded cost calculations and recovery mechanisms until there are assurances the framework will not impede competition or adversely affect customers. We have requested these numbers in the past and again we ask the Commission to assist us in moving this process forward by urging the affected utilities to furnish these figures as soon as possible.

- **Customers Need Unbundled Rates In Order to Plan Their Futures**

In reference to the unbundling of rates, customers should be entitled to receive now the unbundled rate from their utility so that they may plan for this transition to open access. This information gives all customers the same opportunity as the utilities in seeking out their most efficient cost of services. This information is readily available today, and customers should not be "in the dark" when planning their economic future, while the utilities are positioning themselves for competition.

We appreciate your commitment to consumer choice and the marketplace. We welcome the opportunity to continue to work with you and we stand ready to assist you and the Commission staff in meeting your objectives.

Sincerely,

A handwritten signature in dark ink, reading "Douglas C. Nelson". The signature is fluid and cursive, with the first name "Douglas" being more prominent and the last name "Nelson" following in a similar style.

Douglas C. Nelson  
Executive Vice President

DCN/vyg

cc: Mr. Carl Dabelstein  
Director, Utilities Division  
Members of Stranded Cost Working Group  
Members of Customers Selection Issues Working Group  
Members of Unbundling Services and Standard Offer Working Group  
Members of Legal Issues Working Group  
Mr. Jerry Porter  
Governor's Office

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